

File 91

PEOPLES CREDIT JEWELLERS LIMITED

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ANNUAL REPORT

PEOPLES CREDIT JEWELLERS LIMITED

directors

BERTRAND GERSTEIN, chairman

MARVIN GERSTEIN

IRVING R. GERSTEIN

officers

MARVIN GERSTEIN
president

W. R. NORMAN CAMPBELL
vice-president, finance & treasurer

JAMES A. HENRY
vice-president, operations

IRVING R. GERSTEIN
vice-president, merchandising


IRWIN KOFFMAN
secretary

head office

181 YONGE STREET, TORONTO 1, CANADA

transfer agent

CANADA PERMANENT TRUST COMPANY,
253 BAY STREET, TORONTO 1, CANADA



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PEOPLES CREDIT JEWELLERS LIMITED

TORONTO, ONTARIO

TO THE SHAREHOLDERS,
PEOPLES CREDIT JEWELLERS LIMITED.

April 10, 1967

The accompanying Financial Statements of your Company for the year ended January 31, 1967, are submitted on behalf of the Board of Directors. Sales for the year were \$18,386,842, an increase of \$1,244,993 over the previous year. Net Profit for the year was \$876,380, a decrease of \$143,554. Earnings on the Common and Class "A" Shares after payment of Preferred Dividends, were \$1.21 per share. Working Capital during the year increased by \$1,770,386. Dividends declared upon the Common Stock of the Company during 1966 were 10¢ quarterly for a total of 40¢ per share on both the outstanding Class "A" and Common Shares. As usual the greater part of the earnings has been retained for investment in the further development of the Company.

During the year five new traditional stores were opened in Shopping Centres in Windsor (our second), Edmonton (our fourth), Montreal (our fourth), Vancouver (our third), and Winnipeg (our second). In Sarnia we moved from our original location to a much larger and better located store in the heart of the City. In addition, two new leased departments were opened in so-called "Promotional Department Stores" in Toronto (our third) and Sault Ste. Marie. At the year-end there were thirty-four traditional stores, thirteen leased departments, and four "Carriage Trade" Stores in operation, for a total of fifty-one. We have scheduled for opening during the current year seven additional traditional stores: two in Montreal Shopping Centres (our fifth and sixth); two in Edmonton (our fifth and sixth); and one each in Ottawa (our second), Kingston (our second) and Nanaimo, B.C.

The physical growth of the past two or three years, together with our plans for continued growth and expansion in the years to come, has been accompanied by the development of our Management Team at Head Office. In February 1966, we appointed Mr. W. R. N. Campbell, C.A., as Vice-President of Finance and Treasurer; Mr. Irving Gerstein, B.Sc(Econ), Vice-President Merchandising, Mr. James Henry, B.A., Vice-President Operations, Mr. Irwin Koffman, Secretary, and Mr. David Levine, Vice-President our Guild (Carriage Trade) operation. During the year this Management Team was expanded in depth so that we now have in addition a Senior Supervisor of Store Operations responsible to the Vice-President of Operations, at Head Office, two resident Supervisors in Western Canada and one in Quebec. Similarly depth has been developed in the areas of internal control, data processing and merchandising.

The thanks of the Company are due to the more than 900 employees across Canada whose loyalty and devotion have played no small part in the successful efforts that have been achieved during the year.

Respectfully submitted on behalf of the Board.

BERTRAND GERSTEIN,
Chairman.

PEOPLES CREDIT

(Incorporated under the laws of the State of New York)

AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

	1967	1966
CURRENT		
Cash	\$ 49,264	\$ 67,924
Accounts receivable, less allowance for doubtful accounts of \$399,103 (1966 — \$376,788)	7,271,623	6,795,241
Due from shareholders	27,120	27,979
Merchandise, valued at cost or market, whichever is the lower	4,440,732	4,075,517
Prepaid expenses	16,135	17,679
TOTAL CURRENT ASSETS	\$11,804,874	\$10,984,340
FIXED—at cost		
Buildings	2,856,147	2,856,147
Furniture and fixtures	3,106,477	2,761,556
Automobiles	29,968	10,762
	<u>5,992,592</u>	<u>5,628,465</u>
Less: Accumulated depreciation	3,393,861	3,151,675
	<u>2,598,731</u>	<u>2,476,790</u>
Land	1,809,490	1,809,490
TOTAL FIXED ASSETS	\$ 4,408,221	\$ 4,286,280
OTHER		
5% refundable tax	\$ 39,744	—
Leasehold improvements, less amortization	95,107	\$ 116,370
	<u>\$ 134,851</u>	<u>\$ 116,370</u>
On behalf of the Board		
Bertrand Gerstein, <i>Director</i>		
Marvin Gerstein, <i>Director</i>		
	<u>\$16,347,946</u>	<u>\$15,386,990</u>

WELLERS LIMITED

(the Government of Canada)

FINANCIAL STATEMENTS

STATEMENTS AS AT JANUARY 31, 1967

LIABILITIES

CURRENT	1967	1966
Due to bankers—secured by accounts receivable	\$ 1,081,588	\$ 2,053,299
Accounts payable	933,724	758,281
Taxes payable	318,426	485,061
Dividends payable	67,170	100,755
Instalments on long-term debt due within one year	287,542	240,906
TOTAL CURRENT LIABILITIES	<u>\$ 2,688,450</u>	<u>\$ 3,638,302</u>
UNEARNED SERVICE CHARGES	<u>\$ 251,232</u>	<u>\$ 239,532</u>
LONG-TERM DEBT (Note 2)—less instalments due within one year		
5.75% notes payable—due July, 1978—redeemed during year	—	\$ 2,010,000
6.25% debenture—secured—due June, 1981	3,455,000	—
Mortgage payable—due January 1969	45,351	87,892
TOTAL LONG TERM LIABILITIES	<u>\$ 3,500,351</u>	<u>\$ 2,097,892</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

AUTHORIZED:

	SHARES
6% cumulative redeemable first preferred shares, each of \$100 par value	14,217
4% non-cumulative redeemable second preferred shares each of 10¢ par value	10,000,000
Class "A" shares without nominal or par value	750,000
Common shares without nominal or par value	375,000

ISSUED:

6% first preferred—1967	9,852	\$ 985,200	
(1966—10,365)			\$ 1,036,500
Class "A" shares	447,800	168,467	168,467
Common shares	223,900	84,233	84,233
		<u>1,237,900</u>	<u>1,289,200</u>

EARNED SURPLUS

TOTAL SHAREHOLDERS' EQUITY

8,670,013	8,122,064
<u>\$ 9,907,913</u>	<u>\$ 9,411,264</u>
<u>\$16,347,946</u>	<u>\$15,386,990</u>

PEOPLES CREDIT JEWELLERS LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED REVENUE AND EXPENSE FOR THE YEAR ENDED JANUARY 31, 1967

	<u>1967</u>	<u>1966</u>
Sales	<u>\$18,386,842</u>	<u>\$17,141,849</u>
PROFIT for the year before providing for the undernoted items	\$ 2,324,740	\$ 2,482,722
Less:		
Directors' remuneration	\$ 91,640	\$ 92,827
Depreciation and amortization	288,514	287,145
Interest on debentures	183,169	129,806
Interest on mortgage	<u>7,037</u>	<u>9,510</u>
	<u>570,360</u>	<u>519,288</u>
PROFIT before provision for income taxes	\$ 1,754,380	\$ 1,963,434
Provision for income taxes	<u>878,000</u>	<u>943,500</u>
NET PROFIT for the year	<u>\$ 876,380</u>	<u>\$ 1,019,934</u>

PEOPLES CREDIT JEWELLERS LIMITED

AND ITS WHOLLY-OWNED SUBSIDIARIES

CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED JANUARY 31, 1967

EARNED SURPLUS—January 31, 1966			\$8,122,064
<i>Add:</i>			
Net profit for the year			876,380
			<u>\$8,998,444</u>
<i>Deduct:</i>			
Dividends paid—preferred shares	\$	59,751	
—class "A" shares		179,120	
—common shares		89,560	328,431
			<u> </u>
EARNED SURPLUS—January 31, 1967			<u><u>\$8,670,013</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS January 31, 1967

- Note 1. A number of the Companies' store locations are held on leases entered into for periods from five to ten years. Most of these leases are for fixed rentals; some, in addition, contain percentage-of-sale clauses. The minimum annual rental payable under all such leases currently in force totals \$421,000 and actual rentals paid in the 1966 year amounted to \$530,000.
- Note 2. During the year, the Company redeemed all of the 5.75% Secured Notes Payable in the amount of \$2,175,000 and issued 6.25% Secured Debentures amounting to \$3,700,000. These Secured Debentures are repayable in annual instalments of \$245,000 and are secured by mortgages on the Companies' properties. Under the agreement securing the Debentures, there are various restrictions, similar to those relating to the previous 5.75% Notes Payable, regarding the payment of dividends. Under the most restrictive of these, approximately \$1,000,000 of earned surplus was not subject to such restrictions.

AUDITORS' REPORT

TO THE SHAREHOLDERS,
PEOPLES CREDIT JEWELLERS LIMITED,
TORONTO, ONTARIO

We have examined the consolidated balance sheet of Peoples Credit Jewellers Limited and its wholly-owned subsidiaries as at January 31, 1967, and the consolidated statements of revenue and expense and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of revenue and expense and earned surplus present fairly the financial position of the Companies as at January 31, 1967 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.
Chartered Accountants

Toronto, Canada
April 6, 1967

